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ANNUAL REPORT

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MESSAGE FROM THE CHAIRMAN

PavCo has been operating public facilities in British Columbia since 1986. Following Core Review, PavCo's structure was reorganized, and assets not essential to its core business purpose were divested. Government later directed that PavCo continue to operate Vancouver Convention & Exhibition Centre, BC Place Stadium and Bridge Studios. During Fiscal 2004/05, PavCo's Board of Directors reviewed the facility performance plans and updated them to reflect a long-term ownership perspective. PavCo is focused on increasing business and economic benefits to British Columbia.

The most significant factor that will affect operations over the next 10 years is the Expansion to Vancouver Convention & Exhibition Centre. Sales and marketing activity has commenced and planning is underway to merge current and new operations upon opening in 2008. The Expansion, with approximately 500,000 sq ft of function space, will more than triple the space currently operated, and will increase Vancouver's competitiveness with other North American and international cities for key convention business.

Business performance at Vancouver Convention & Exhibition Centre was exceptional during 2004/05. The number of major conventions hosted at the facility was consistent with the previous year, due to the fact that the facility is operating at near capacity, and incremental client spending on services at many events increased significantly from budget. Revenues from operations were the highest on record, and reflected the strengthening of the provincial economy and recovery of the convention industry. With key dates at the facility reserved for several years, additional capacity for events in Vancouver is required in order to satisfy demand.

Following 12 years of wear and tear for multipurpose events, the artificial turf at BC Place Stadium reached the end of its useful life. During Fiscal 2004/05, an opportunity arose to purchase some year-old turf, and it will be installed in time for the 2005 football season and Grey Cup. The recovery in attendance and subsequent client spending that commenced during the last fiscal continued. Superior on-field performance by the BC Lions football team resulted in a Western Final play-off game, and the upswing in the economy led to higher attendance at other shows. Overall revenues generated at BC Place Stadium were the highest since Fiscal 1999/00.

At the Bridge Studios, business is dependent on film industry cycles. During the second half of the year there was a province-wide slow down in film production, which led to vacancies in many competing facilities. At Bridge Studios, the bulk of production space is rented long-term to TV shows, and as a result, there were only minor vacancies in the two stages that remained available for rental. A sales process underway since 2002 ended during 2004 with PavCo being unable to negotiate a deal that reflected sufficient value for the property. PavCo will continue to operate and improve the Bridge Studios for the foreseeable future.

As a result of superior revenue generation for the year, facility profitability targets set in the 2004/05 to 2006/07 Service Plan were exceeded. However, the economic benefits generated at Vancouver Convention & Exhibition Centre and Bridge Studios fell below expectation. Benefits generated through business at Vancouver Convention & Exhibition Centre are dependent on the international business traveller, who in recent years has been reluctant to travel due to domestic and international instabilities. The business base has recovered significantly since the events of 2001, but intense worldwide competition for convention business and the long term booking cycle for this market segment has challenged PavCo and its partners in tourism. The number of events for the year was on budget, and

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client spending increased, but the number of out-of-province convention visitors and exhibitors fell below forecast. At Bridge Studios, the focus of production shifted from film to TV. This, in addition to some vacancy in the latter part of the year resulted in reduced benefits at that facility.

The Organizing Committee for the XXI Olympic Winter Games has contracted with Vancouver Convention & Exhibition Centre and BC Place Stadium as venues for the 2010 Winter Olympic and Paralympic Games. The high profile of Vancouver will bring more business to the city leading up to and beyond 2010. PavCo's facilities are aging and ongoing investment in their infrastructures will be needed to meet the standards required to maintain their competitiveness in the marketplace.

The 2004/05 PavCo Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act. I am accountable for the contents of the report, including selection of performance measures and how the results have been reported. The information presented reflects the actual performance of PavCo for the twelve months ended March 31, 2005. All significant decisions, events and identified risks, as of May 19, 2005 have been considered in preparing the report. The information presented is prepared in accordance with the BC Reporting Principles and represents a comprehensive picture of our actual performance in relation to our service plan.

On behalf of the Board of Directors, I wish to thank management and staff for their contribution to the results of this past year and to the continued success of the Corporation.

Doris Bradstreet Daughney
Chairman & Chief Executive Officer

ORGANIZATIONAL OVERVIEW

B.C. Pavilion Corporation (PavCo) was incorporated by the Province of British Columbia on May 3, 1984 under the then *Company Act* of British Columbia. The authorized capital of PavCo consists of 10,000 common shares without par value. Only one common share has been issued and it is held by Her Majesty the Queen in Right of the Province of British Columbia. 100% ownership of issued shares by the Provincial Government makes PavCo a Crown Corporation.

B.C. Pavilion Corporation registered PavCo as a business name under the *Partnership Act (British Columbia)* on September 23, 1999.

In addition to the *Company Act* and the *Partnership Act*, there are a number of other statutes relevant to PavCo - the most significant being the *British Columbia Enterprise Corporation Act*, which names it as an agent of the government, binds it by the same laws and gives it the same immunities as the government.

PavCo is responsible to the Minister of Small Business and Economic Development.

PavCo operates three public facilities within the Lower Mainland of British Columbia namely the Vancouver Convention & Exhibition Centre, BC Place Stadium, and the Bridge Studios. These facilities provide space for conventions, trade and consumer shows, film and TV productions, sporting events, and a variety of special events. BC Place Stadium and Bridge Studios are owned and operated by PavCo; Vancouver Convention & Exhibition Centre is leased from Canada Place Corporation, a Federal Government Authority.

Vancouver Convention & Exhibition Centre has been developed to generate economic benefits for British Columbia. This is accomplished by generating direct business for the hospitality and tourism industry in the Province as well as assisting in the development of trade and investment benefits by increasing Vancouver's profile as a centre for professional development and business activity. BC Place Stadium was designed as a multi-purpose facility for sporting shows as well as trade and consumer shows, thereby serving key community and provincial functions.

PavCo is taking the lead role in sales and marketing of the Expansion to the Vancouver Convention & Exhibition Centre, and will operate the Vancouver Convention & Exhibition Centre and the Expansion as a combined facility upon opening.

The Bridge Studios, which was created to develop the film industry in British Columbia at a time when limited studio space was available in the private sector, generates significant economic benefits and plays a large part in providing infrastructure for the film and TV industry in the Province. In 2002 PavCo decided to offer the Bridge Studios for sale. However, offers to purchase the facility fell short of expectations and the process was terminated in 2004. PavCo will continue to operate and improve the facility for the foreseeable future.

PavCo has managed several other public facilities, which have now been turned over to their respective communities after being successfully developed into viable organizations that can be supported locally.

VISION

To be a recognized leader in event facility management.

MISSION

To provide an event experience that exceeds the expectations of our clients and guests.

MANDATE

To generate economic and community benefit for the people of British Columbia through the prudent management of public facilities.

VALUES

Quality and Service – We set and meet the highest standards of service.

Respect, Fairness, and Honest Communication – We treat each other as we wish to be treated, and we openly share information to increase employee understanding and meaningful involvement.

Financial Responsibility – We make significant economic contributions to the Province and generate revenues to offset our operating costs.

Creativity and Innovation – We take responsible risks to find better ways, new methods and processes to get the job done.

Enthusiasm and Humour – We show our enjoyment of our work and each other.

Environmental Responsibility – We continually look for new ways of conducting our business to reduce environmental impacts.

Integrity – We apply our values and deliver on our promises.

REPORT ON PERFORMANCE

PavCo's performance in Fiscal 2004/05 reflected the general recovery and strengthening in world economies. Following prior years' declines in many business segments, client spending and attendance at Vancouver Convention & Exhibition Centre and BC Place Stadium increased during Fiscal 2004/05, and is expected to continue into Fiscal 2005/06. Occupancy levels at Vancouver Convention & Exhibition Centre remained high during the peak convention periods, and BC Place Stadium had few available openings during its trade and consumer show season. At Bridge Studios, a temporary downturn in the film and TV industry resulted in some vacancy in the stages held for short-term rental.

To date, planning for the Expansion of the Vancouver Convention & Exhibition Centre has been focused on four major areas:

- Space programming requirements, so as to achieve maximum space and best use of the layout of the new facility with integration to existing space;
- Sales and marketing activity, in order to obtain optimum occupancy upon opening;
- Internal business reorganization, in order to ready and increase staff for the opening; and
- Contract administration, in order to ensure that contracts being negotiated fit with future operational requirements.

Staff have been working on these activities with the construction manager of the Vancouver Convention Centre Expansion Project, Tourism Vancouver, local hotels, and hospitality partners.

Due to the change in direction for the future of PavCo operations, and the in-depth process undertaken to review facility plans, several performance measures were changed in PavCo's 2005/06 to 2007/08 Service Plan to reflect the long-term operating goals. Future plans focus on staff development, training and retention, as well as the economic benefits, customer service, sales and financial goals previously set. The generation of economic benefits to the Province of British Columbia remains PavCo's most important measure of success, and staff have been working with other British Columbia convention centres to reach a common set of standards to compare benefits generation. Appendix 1 compares PavCo's new and old performance measures and shows the sources of data.

PavCo generated $412 million in economic benefits[1] during the year. This was lower than the original target due to fewer out-of-province delegates and exhibitors at the Vancouver Convention & Exhibition Centre and a softening in film production at Bridge Studios. Corporate revenues increased significantly from target due to increased attendance and spending by visitors to BC Place Stadium and higher event spending by clients at Vancouver Convention & Exhibition Centre. As a result of ageing facilities and increased demands on old equipment, overall customer satisfaction declined marginally.

Management at Vancouver Convention & Exhibition Centre have played a lead role in the development of the organizations "Convention Centres of Canada", and "Conventions BC". These groups work together to bring more convention and meetings business to Canada. Although the member convention centres compete with each other, they aim to create common operating standards and increase overall convention business to Canada.

PavCo's operations compete locally, nationally, and internationally for business, and in turn generate significant benefits to British Columbia. Commercial rates are charged on rentals and services. However, in common with other facilities worldwide, market rental rates at BC Place Stadium and Vancouver Convention & Exhibition Centre are such that revenues from operations are insufficient to

[1] Economic benefits generated are measured using the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute.

cover operating and capital expenses. The resulting shortfalls are covered by an annual contribution from the Ministry of Small Business and Economic Development.

Vancouver Convention & Exhibition Centre competes for high-end convention business worldwide, and following the opening of the Expansion, will be able to host both more events of the same size currently being held, plus some that have outgrown the facility in recent years. Following events of 2001, SARS, and other global turmoil, business travel slowed significantly and is still recovering to previous levels. Following completion of the Expansion of the Vancouver Convention & Exhibition Centre, the existing facility will undergo a retrofit in preparation for hosting the international media for the 2010 Winter Olympic Games.

BC Place Stadium supports the local trade and consumer show markets, and provides space for exhibitions too large to be held elsewhere. It is also the venue for large spectator events, and will be the host venue for the Opening and Closing Ceremonies at the 2010 Winter Olympic Games and the Opening Ceremonies at the 2010 Paralympic Games.

The Bridge Film Studios provides infrastructure for the local film and TV business. Due to changing technology by the industry, the majority of its business is now TV related, as the dimensions of its largest stage is now unsuitable for the production of large films. All of PavCo's facilities are close to 20 years old and are in need of infrastructure upgrades in order to remain competitive with other venues and cities. PavCo will continue to operate Bridge Studios and plans to improve the infrastructure through profitability.

Each year, PavCo reviews the book costs of its assets for any impairment in value where the carrying cost may not be covered by undiscounted future cash flows and possible disposition. Although BC Place Stadium generates significant economic benefits for the Province of British Columbia, future undiscounted cash flows from the facility to PavCo fall short of the carrying cost. The cost of the facility was written down by $75 million during the year, to reflect its fair value.

STRATEGIC GOALS

PavCo's strategic goals are split into four areas:

1. Maximization of revenues and economic growth
2. Maintain and increase client services and satisfaction
3. Maintain and improve the facilities under our management
4. Innovation, learning, and growth

1. Maximization of revenues and economic growth

a. Generation of economic benefits

From the perspective of the shareholder, we must strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-Province fill hotel rooms, patronize local businesses during their events, and conduct pre- and post- event activities throughout the Province.

To meet this goal, we:

- Seek events from out-of-Province that will generate the maximum amount of direct economic benefits to our community; and,
- Seek events that will promote growth and support for British Columbia's business base.

We measure our success in achieving this goal by comparing the value of the economic benefits generated through our activities. This is based on estimated expenditures by visitors at events, subsequent spending in the province following the events, and the ripple effect through the economy of such spending.

b. Improved financial return to shareholder

PavCo strives to meet both its financial targets each year and to minimize its reliance on shareholder funding. Client expectations and competition from other venues are causing downward pressure on revenues, while our ageing facilities and external challenges are creating an upward pressure on costs. It is important for PavCo to use the funding provided in the areas most likely to generate long-term profitability and benefit to the organization and the province.

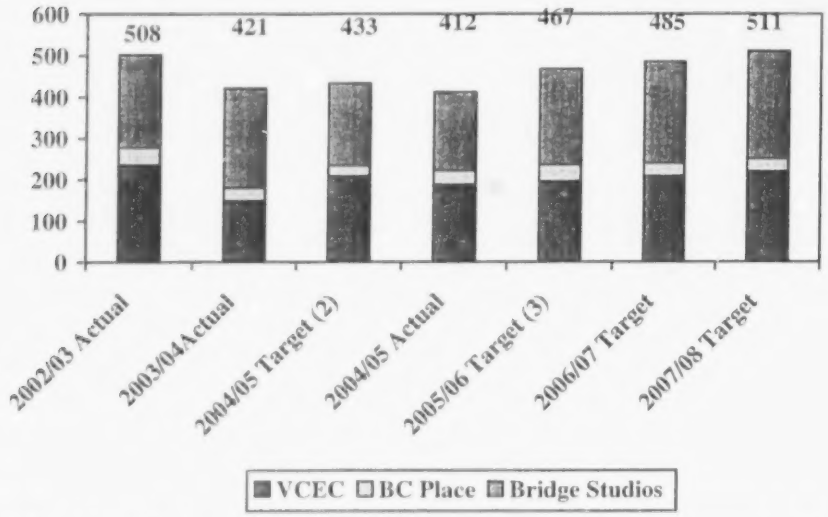
c. Optimum facility occupancy

PavCo is taking the lead role in sales and marketing programmes for the Expansion of the Vancouver Convention & Exhibition Centre, and we need to ensure that the facility will be utilized at optimum levels upon opening. We compare the number of delegates booked for events against projections.

High occupancy at BC Place Stadium not only increases food and beverage and advertising revenues for the facility, but also improves its overall profile in the community.

a) Generation of economic benefits

Comparison of Net Economic Benefits Generated from Operations in $ millions (note)



(1) Economic benefits have been assessed by a private sector consultant since PavCo's inception using the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute. A new model for measurement of Economic Benefits is being developed with Conventions B.C., and will be phased in starting in Fiscal 2005/06.

(2) Targets originally set in the 2004/05 to 2006/07 Service Plan did not include projections for activities at Bridge Studios due to the anticipated disposition of the facility. As the facility was not sold, projections are included to make comparisons meaningful.

PavCo generated an estimated $412 million in net economic benefits to the province through its activities during the year, compared to an original target of $433 million, and Fiscal 2003/04 actual results of $421 million.

Benefits generated from activities at Bridge Studios reduced from the Fiscal 2004/05 budget and from Fiscal 2003/04 as the result of stage vacancies, and a switch in the Studios primary revenue stream from feature films to TV productions. Due to the construction of several large new facilities over recent years, the Effects Stage at the Bridge Studios is no longer the first choice for many producers, and most of the space at the facility has now been rented for TV production on a long-term arrangement.

Benefits at BC Place Stadium increased from budget and from Fiscal 2003/04 results, due to the occurrence of new events, and increased attendance at events.

Benefits generated from activity at Vancouver Convention & Exhibition Centre reduced from the Fiscal 2004/05 budget and from Fiscal 2003/04 results. An increase in delegate attendance, which started in the last quarter of Fiscal 2003/04 continued, but many delegates were from national and local markets rather than the higher spending international sector, which is the base on which economic impact is calculated. This, in addition to fewer out-of-province

exhibitors attending shows, resulted in reduced economic benefits generated. It is generally considered within the meetings industry that the meetings market is slowly recovering from the impacts of 9/11, SARS, and global economic conditions and turmoil. However, it will take some time for a complete recovery of the long-term convention market.

b) Improved financial return to the shareholder

The shortfall from operations and capital expenditures is covered through an annual contribution from the shareholder, the Ministry of Small Business and Economic Development.

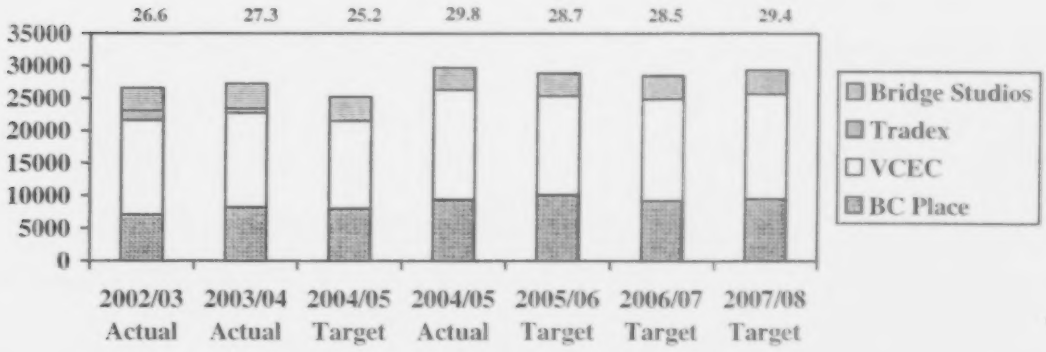
VCEC – Compare Subsidy on operations and capital (before depreciation)							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
Subsidy	($0.169m)	($0.297m)	($1.392m)	($0.958 m)	($2.468m)	($2.743m)	($3.231m)

The subsidy for Vancouver Convention & Exhibition Centre was expected to be significantly higher than for Fiscal 2003/04 due to the commencement of sales and marketing activity for facility Expansion. However, revenues increased significantly with additional on site spending by clients. Expenditures on marketing were as expected. As a result, the final subsidy requirement was lower than budget.

BCPS – Compare Subsidy on operations and capital (before depreciation)							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
Subsidy	($2.053m)	($2.179m)	($3.197 m)	($3.208 m)	($2.842m)	($2.932m)	($2.994m)

The total subsidy for BC Place Stadium was in line with expectation. Increases in revenue due to higher attendance at events were offset by additional expenditures on facility capital improvements.

Comparison of Revenues from operations (in $ millions)



Revenues for the year exceeded budget at Vancouver Convention & Exhibition Centre and BC Place Stadium as a result of higher attendance and spending at events in addition to some unbudgeted events. Revenues also exceeded those generated in Fiscal 2003/04 as a result of the increased attendance and spending.

The original revenue target for Fiscal 2004/05 included $5.0 million from the proceeds of the disposition of the Bridge Studios. It was decided not to sell the facility, so revenues now include

rentals from the Studios. Rental income was slightly lower than for Fiscal 2003/04 as a result of vacancies in the latter part of the year, which arose from to a short-term downturn in the film industry in British Columbia.

c) Optimum facility occupancy

BCPS – Compare Attendance							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
	673,970	767,890	744,300	883,846	903,000	850,000	870,000

Occupancy at BC Place Stadium for Fiscal 2004/05 was significantly higher than for the previous fiscal and the budget for the year. Attendance increased at consumer shows, and, as a result of good on-field performance by BC Lions, there was an unbudgeted Western Final play-off game. Attendance levels will rise in Fiscal 2005/06 as the Grey Cup will be hosted at BC Place Stadium.

VCEC – Increase non-resident delegate days					
		2004/05	2005/06	2006/07	2007/08
	Original target for non residents set in KPMG expansion projections	191,500	178,442[2]	189,925	217,641
	Actual non resident attendance	146,484			
	Future years' attendance booked to March 2005 [3]		131,050	142,999	131,493

When the initial planning for Expansion of Vancouver Convention & Exhibition Centre was completed in 2002, it was estimated that non-resident delegates would grow as indicated above. Events of 2001 significantly reduced non-resident visitors to Vancouver, and although there has been a subsequent growth in attendance, levels have still not reached expectation. A review of these forecasts is underway for future years to ensure that expectations can be realized, and that marketing activity can be targeted to the highest yield markets.

2. Maintain and increase client services and satisfaction

a) Continue to provide a high level of service and value to our customers

Score on client satisfaction surveys

In order to continuously improve customer service, we require feedback from event organizers. Surveys are sent to clients after events and the results are monitored. Client satisfaction is as follows:

[2] Non resident delegates at VCEC for Fiscal 2005/06 will be lower than for Fiscal 2004/05 due to a reduction in the number of major conventions booked

[3] Future years bookings represent the number of non-resident delegate days booked up to March 31, 2005 for those future years. These numbers will increase closer to target levels set for the upcoming years.

	Fiscal 2002/03 Actual	Fiscal 2003/04 Actual	Fiscal 2004/05 Target	Fiscal 2004/05 Actual	Fiscal 2005/06 Target	Fiscal 2006/07 Target	Fiscal 2007/08 Target
VCEC	83%	80%	82%	84%	81%	80%	78%
BCPS	88%	83%	88%	83%	85%	85%	85%

At Vancouver Convention & Exhibition Centre, client satisfaction exceeded expectation. However, maintaining and increasing the level of satisfaction at the facility over the next 3 years will be a significant challenge due to the ongoing issues of construction, traffic, and increasingly out of date technology, building systems and finishings that will persist.

Client satisfaction declined at BC Place Stadium. The increased number of visitors at spectator events resulted in long line-ups and delays in being served at concession stands, which were fitted with out-of-date foodservice equipment. Satisfaction at the facility is not expected to improve in the period to Fiscal 2007/08 without significant upgrades to address the effects of the ageing facility.

b) Position our facility as the preferred venue for our client target markets

BCPS - Retention of existing business							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
	90%	94%	83%	96%	85%	90%	90%

Retention of existing business is measured as the return of major reoccurring events to BC Place Stadium. It was anticipated that there would be a loss of some events but these returned to the facility in Fiscal 2004/05.

3. Maintain and improve the facilities under our management

We maintain our facilities to the highest possible standards in order to attract new clients. We have developed capital repairs plans at each of our facilities, and plan for improvement and expansion of our services where appropriate. Improvement to our properties will make us more competitive with other facilities and should result in an increase in overall occupancy and profitability. At the Bridge Studios, it may be necessary to disturb soils contaminated through previous site use while performing some repairs or improvements. We monitor the contaminants and remediate as appropriate.

At Vancouver Convention & Exhibition Centre, a comprehensive plan is being developed to ensure that there is a seamless transition from construction to the opening of the Expansion. Progress against the plan will be evaluated and changes implemented as appropriate. In addition to Expansion, a renovation plan has been developed for the existing facilities, although due to limited budget currently available, plans will need to be developed to phase in these capital improvements.

a) Maximize opportunities for profitability

BCPS – Margin per event, excluding football							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
Margin	56%	50%	43%	49%	45%	45%	45%

The margin per event at BC Place Stadium was higher than expected as a result of increased rental rates achieved on several large events and a higher percentage recovery of costs from clients.

b) Increase and improve facility occupancy

Bridge Studios – Increase and improve facility occupancy							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
	73%	93%	85%	93%	88%	88%	90%

Occupancy at the Bridge Studios exceeded expectations. There was an industry downturn during the year and two stages were vacant during a period of sharply reduced production in Vancouver. As Bridge Studios rents most of its space under long-term agreements, the vacancy rates experienced were not as significant as at other facilities.

c) Bring our facility into compliance with environmental regulations when we disturb soils for maintenance and facility upgrades

Bridge Studios – Violation of environmental regulations							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
Violations of regulations	0	0	0	0	0	0	0

There were no violations of environmental regulations during the year.

4. Innovation, learning and growth

a) Training and retention of our staff

We strive to keep our employee skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will keep PavCo regarded as a leading organization for innovation and new ways to host events. We will monitor training activity, and measure the rate of staff retention.

We seek to attract and retain well-qualified employees to achieve our corporate-wide goals.

	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
VCEC Job specific cost of training per employee	N/A	N/A	$600	$609	$800	$900	$900
Bridge – Training hours per employee	2.5	4.0	5.0	5.5	10	10	10

b) Maintain and increase employee engagement and capability

BCPS – Employee retention							
	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	2005/06 Target	2006/07 Target	2007/08 Target
	88%	91%	89%	91%	89%	90%	90%

ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

PavCo's Annual Report and three-year Service Plan are prepared with reference to, and guidance from, the Government's Strategic Plan. This plan identifies three major goals:

- A strong and vibrant provincial economy
- A supportive social fabric
- Safe, healthy communities and a sustainable environment

The government's plan identifies many strategies to attain these goals. The following government strategies are particularly relevant to PavCo's operations:

- To be affordable and fiscally responsible;
- To maintain a skilled workforce for British Columbia;
- To reform the province's Crown corporations so that they focus on public services, efficiency and effective service delivery; and,
- To aggressively support the 2010 Olympic Games.

FINANCIAL REPORT

Management Discussion and Analysis

Management is pleased to present the financial results of the Corporation for the year ended March 31, 2005.

In Fiscal 2004/05, PavCo lost $3.473 million on operations prior to both non-recurring expenses and government contributions. This compares to losses of $4.711 million in Fiscal 2003/04, and $4.306 million in Fiscal 2002/03.

Operations
Revenue for the year at $29.760 million increased by $2.425 million from Fiscal 2003/04 due to an increase in attendance and events occurring at BC Place Stadium, and higher client spending at several conventions at Vancouver Convention & Exhibition Centre. Revenues at Bridge Studios decreased marginally from Fiscal 2003/04 due to a market downturn part way through the year. Corporate revenues were also $3.103 million higher than for Fiscal 2002/03 due to the ongoing improvement in economic conditions.[4]

Direct costs of $14.668 million increased by $1.886 million from Fiscal 2003/04, and $2.768 million from Fiscal 2002/03. The costs were in line with expectations for their particular revenue types. The gross margin at $15.092 million increased by $0.539 million from Fiscal 2003/04, and $0.343 million from Fiscal 2002/03, and was consistent with the change in event revenue mix.

Facility operating costs including depreciation at $18.565 million were $0.699 million less than Fiscal 2003/04 and less by $0.49 million from Fiscal 2002/03. Depreciation declined from the previous years with the disposition of Tradex and the write down of BC Place Stadium. The largest increase in facility costs was in Business Development Costs, due to the commencement of the marketing campaign for the Expansion to the Vancouver Convention & Exhibition Centre.

Staffing costs at $6.166 million were the same as Fiscal 2003/04. They were $0.193 million lower than for Fiscal 2002/03 as a result of the disposition of Tradex.

Building operating costs were close to expenditures for Fiscal 2003/04 and for Fiscal 2002/03.

General and administration costs at $2.319 million were $0.144 million higher than for Fiscal 2003/04 and $0.427 million higher than for Fiscal 2002/03. This was due to a trend of increasing insurance premiums and the replacement of computer products.

Business development costs at $1.300 million were $0.614 million higher than for Fiscal 2003/04 and $0.623 million higher than for Fiscal 2002/03. The increase was due to the commencement of sales and marketing of the Expansion to Vancouver Convention & Exhibition Centre, which will open in 2008. Previous years' expenditures were lower due to uncertainty over expansion, and PavCo's future operations.

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[4] Revenues for Fiscal 2002/03, and Fiscal 2003/04 included income from Tradex ($1.555 million and $0.67 million), which was transferred to the City of Abbotsford in 2003.

Fees at $0.804 million in Fiscal 2004/05 were on par with costs for Fiscal 2003/04 and $0.235 million higher than for Fiscal 2002/03. During Fiscal 2004/05 several projects took place as a result of the decision to retain PavCo. In Fiscal 2003/04 costs were higher than for previous years as a result of expensing the sales costs for a facility.

Restructuring expenses for the wind up of PavCo's Corporate Office of $0.901 million and $0.181 million were recorded in Fiscal 2002/03, and 2003/04. Following the decision to continue PavCo operations during Fiscal 2004/05, $0.357 million in previously accrued costs were taken back into operations during the year.

The carrying value of BC Place Stadium was written down by $75 million during Fiscal 2004/05, as the future projected cash flows and possible proceeds from disposition fell significantly short of the original carrying value recorded. Following the write down, depreciation on the structure of BC Place Stadium will be recorded on a straight line basis over the life of the facility.

Future Outlook

Revenue expectations for PavCo's core facilities are expected to remain stable to Fiscal 2007/08 with some fluctuations due to changing event activity. There are growing expectations from clients for subsidies on rental and other related payments in recognition of the benefits that they bring to Vancouver with their events. The facilities will operate at close to capacity during their peak usage periods.

PavCo will operate the Bridge Studios for the foreseeable future. Several large stages have been built on the Lower Mainland in recent years, which have in turn reduced the film industry's dependence on the Bridge Studios' Effects Stage, a stage that is now redundant for large-scale production purposes as a result of its configuration. The Bridge Studios business will focus more on TV productions than Film, as this provides a steady income stream and brings long-term business to British Columbia.

As PavCo's facilities are approximately 20 years old, requirements for repairs and maintenance will continue to escalate in the coming years. The Vancouver Convention & Exhibition Centre, which competes for business worldwide, will require a retrofit in order to remain competitive.

Sales and marketing activity for the Expansion of Vancouver Convention & Exhibition Centre has commenced, and as the opening date approaches, there will be changes to organizational structure in order to accommodate the increase in business and complexity of operations.

B.C. Pavilion Corporation - Comparison of Financial Results and Targets (in $000)

	2002/03 Actual	2003/04 Actual	2004/05 Original Target (1)	2004/05 Revised Target (2)	2004/05 Actual	2005/06 Target (3)	2006/07 Target (3)	2007/08 Target (3)
Revenue	26,657	27,335	21,321	25,278	29,760	28,702	28,574	29,423
Direct Costs	11,908	12,782	11,213	11,566	14,668	14,108	13,603	14,088
Gross Margin	14,749	14,553	10,108	13,712	15,092	14,594	14,971	15,335
Facility Expenses								
Staffing	6,359	6,166	5,569	5,974	6,166	6,663	7,026	7,604
Operating	5,180	5,461	6,413	5,751	5,410	7,482	7,633	7,878
General and administration	1,892	2,175	1,770	2,279	2,319	2,224	2,259	2,370
Business development	677	686	1,690	1,605	1,300	1,612	1,660	1,702
Fees	569	833	436	513	804	594	703	644
Depreciation	4,378	3,943	2,921	3,588	2,566	3,750	3,702	3,746
	19,055	19,264	18,799	19,710	18,565	22,325	22,983	23,944
(Loss) before other expenses	(4,306)	(4,711)	(8,691)	(5,998)	(3,473)	(7,731)	(8,012)	(8,609)
Other expenses								
Restructuring (costs) recovery	(901)	(181)	-	-	357	-	-	-
Budget profit on disposition of Bridge Studios	-	-	5,000	-	-	-	-	-
Cost disposition Tradex	-	(2,807)	-	-	-	-	-	-
Write down BC Place Stadium	-	-	-	-	(75,000)	-	-	-
	(901)	(2,988)	5,000	-	(74,643)	-	-	-
Income (loss) before government contributions	(5,207)	(7,699)	(3,691)	(5,998)	(78,116)	(7,731)	(8,012)	(8,609)
Cash Contribution Ministry Small Business for operations	866	1,823			672			
Drawdown on Deferred Government Contribution for:								
Write down BC Place Stadium	-				75,000			
To cover depreciation of contributed assets	4,341	3,869			2,444			
Non recoverable book cost Tradex	-	2,007			-			
	5,207	7,699			78,116			
Capital expenditures	(1,229)	(455)	-	(1,446)	(2,065)			

(1) Original Target for Fiscal 2004/05 was prepared with the expectation that the Bridge Studios would be sold during the year. This did not occur and operations of the facility continued for the full fiscal. Target was per the 2004/05 to 2006/07 Service Plan.

(2) Revised Target includes Bridge studios budget for a full year on a line-by-line basis with net revenue of $1.247 million. $1.446 million was also reclassified from operating costs to capital expenditures in the budget revision.

(3) Targets for 2005/06 to 2007/08 are from the 2005/06 to 2007/08 Service Plan, and include operations of Bridge Studios.

B.C Pavilion Corporation
Comparison of operating results by division

Year Ended March 31 (in $ thousands)

	2002/03 Actual	2003/04 Actual	2004/05 Original Budget (1)	2004/05 Revised Budget (2)	2004/05 Actual	2005/06 Target
Revenue						
VCEC	14,541	14,530	13,497	13,497	16,913	15,223
BC Place Stadium	7,062	8,244	7,744	8,007	9,414	9,873
Bridge Studios	3,412	3,789	-	3,694	3,352	3,536
Tradex	1,555	670	-	-	-	-
Corporate Office	87	102	80	80	81	70
	26,657	27,335	21,321	25,278	29,760	28,702
Direct Costs						
VCEC	7,506	7,759	7,148	7,148	9,101	8,450
BC Place Stadium	3,474	4,344	4,065	4,111	5,270	5,395
Bridge Studios	224	361	-	307	297	263
Tradex	704	318	-	-	-	-
	11,908	12,782	11,213	11,566	14,668	14,108
Gross margin	14,749	14,553	10,108	13,712	15,092	14,594
Facility Expenses						
VCEC	6,500	7,001	8,496	8,134	8,133	9,241
BC Place Stadium	5,220	5,731	7,117	6,250	5,991	7,320
Bridge Studios	1,244	1,614	-	1,471	1,433	1,773
Tradex	841	605	-	-	-	-
Corporate Office	862	370	265	265	442	241
Other	10	-	-	-	-	-
	14,677	15,321	15,878	16,120	15,999	18,575
Depreciation						
VCEC	591	472	451	451	513	348
BC Place Stadium	2,762	2,564	2,470	2,470	1,375	2,731
Bridge Studios	668	674	-	669	678	671
Tradex	324	229	-	-	-	-
Corporate Office	33	4	-	-	-	-
	4,378	3,943	2,921	3,590	2,566	3,750
Loss before other expenses						
VCEC	(56)	(702)	(2,598)	(2,236)	(834)	(2,816)
BC Place Stadium	(4,394)	(4,395)	(5,908)	(4,824)	(3,222)	(5,573)
Bridge Studios	1,276	1,140	-	1,247	944	829
Tradex	(314)	(482)	-	-	-	-
Corporate Office	(808)	(272)	(185)	(185)	(361)	(171)
Other	(10)	-	-	-	-	-
	(4,306)	(4,711)	(8,691)	(5,998)	(3,473)	(7,731)
Remove Bridge Studios operations, not originally budgeted				(1,247)		
Add back major repairs budget items allocated to operating budget subsequently capitalized				(1,446)		
2004/05 Revised Target balanced to Original Target				(8,691)		
Staff full time equivalents	148	127	118		128	133

(1) Original Target for Fiscal 2004/05 was prepared with the expectation that the Bridge Studios would be sold during the year. This did not occur and operations continued for the full year.

(2) Revised Target includes Bridge studios budget for a full year on a line-by-line basis with net revenue of $1.247 million. $1.446 million was also reclassified from operating costs to capital expenditures in the budget revision.

B.C. Pavilion Corporation

Management's Responsibility for Financial Reporting

The accompanying financial statements of B.C. Pavilion Corporation for the year ended March 31, 2005 and all of the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the financial statements for the year ended March 31, 2005 in accordance with Canadian generally accepted accounting principles. A precise determination of certain of the assets and liabilities is dependent on future events, and consequently the preparation of the financial statements necessarily involves the use of management's best estimates and judgments. These financial statements present fairly the financial position of B.C. Pavilion Corporation as at March 31, 2005 and the results of operations and the changes in cash flows for the year then ended. Financial information used elsewhere in the Annual Report is consistent with that in the financial statements.

Management is responsible for the preparation, content, consistency, objectivity and integrity of the financial statements and all other financial information contained in this Annual Report. Management has established and maintains a system of internal controls that provides reasonable assurance that the financial records are reliable, form a proper basis for the preparation of the financial statements, and that the assets of the Corporation are properly accounted for and safeguarded. The internal control process includes a Peoples Policy applicable to the conduct of all employees.

The Audit and Finance Committee of the Board of Directors, which is comprised of directors who are not employees of the Corporation, oversees management's discharge of its financial reporting responsibilities. The Audit and Finance Committee meets periodically with management and the external auditors to discuss financial reporting, internal controls and other financial matters. The external auditors have free and independent access to the Audit and Finance Committee without management's presence.

The financial statements have been audited by the Auditor General of British Columbia, in accordance with Canadian generally accepted auditing standards and their report follows.

Doris Bradstreet Daughney
Chairman of the Board

John Harding
Chief Financial Officer

Report of the Auditor General of British Columbia

To the Members of the Board of Directors of B.C. Pavilion Corporation, and

To the Minister of Small Business and Economic Development, Province of British Columbia

I have audited the balance sheet of *B.C. Pavilion Corporation* as at March 31, 2005 and the statements of operations and operations deficiency, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of *B.C. Pavilion Corporation* as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
April 29, 2005

Wayne Strelioff, FCA
Auditor General

B.C. Pavilion Corporation
Balance Sheet
(in $000s)

March 31	2005	2004
Assets		
Current		
Cash and cash equivalents (Note 3)	**3,445**	3,525
Accounts receivable	**2,425**	2,822
Prepaid expenditures	**538**	420
	6,408	6,767
Capital assets (Note 4)	**57,560**	133,068
	63,968	139,835
Liabilities		
Current		
Trade payables and accrued liabilities	**4,133**	3,844
Current portion of long term debt (Note 5)	**75**	150
Restructuring costs (Note 6)	**-**	610
Unearned revenue	**2,797**	2,735
	7,005	7,339
Long-term		
Long term debt (note 5)	**443**	550
Unearned revenue	**276**	142
	719	692
	7,724	8,031
Shareholder's Equity		
Share capital (Note 7)	**-**	-
Contributed surplus	**31,131**	31,131
Deferred government contributions (Note 8)	**27,187**	102,747
Operations deficiency	**(2,074)**	(2,074)
	56,244	131,804
	63,968	139,835

Commitments (Note 11)

On behalf of the Board

Doris Bradstreet Daughney
Chairman of the Board

John Horning
Chairman of the Audit Committee

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Statement of Operations and Operations Deficiency
(in $000s)

Year Ended March 31	2005	2004
Revenues from operations (Note 9)	**29,760**	27,335
Direct costs	**14,668**	12,782
	15,092	14,553
Facility expenses		
Staffing	**6,166**	6,166
Operating	**5,410**	5,461
General and administration	**2,319**	2,175
Business development	**1,300**	686
Fees	**804**	833
Depreciation	**2,566**	3,943
	18,565	19,264
(Loss) before other expenses	**(3,473)**	(4,711)
Other expenses		
Restructuring costs (Note 6)	**357**	(181)
Disposition of Tradex facility	**-**	(2,807)
Impairment loss on capital assets	**(75,000)**	-
	(74,643)	(2,988)
(Loss) before government contributions	**(78,116)**	(7,699)
Deferred government contributions (Note 8)	**78,116**	7,699
Net operating income	**-**	-
Operations deficiency - beginning of year	**(2,074)**	(2,074)
Operations deficiency - end of year	**(2,074)**	(2,074)

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Statement of Cash Flows
(in $000s)

Year Ended March 31	2005	2004
Operations		
Loss before government contributions	**(78,116)**	(7,699)
Depreciation (and unrecoverable net book value of Tradex 2004)	**2,566**	5,950
Impairment loss	**75,000**	-
Loss on disposition of assets	**7**	-
Unearned revenue	**196**	(362)
Change in non-cash operating working capital (Note 10)	**(42)**	385
Cash (used in) operations	**(389)**	(1,726)
Financing		
Contributions from the Province of British Columbia	**2,556**	2,000
Cash provided by financing activities	**2,556**	2,000
Investing		
Capital asset additions	**(2,065)**	(455)
Increase (decrease) in long term debt	**(182)**	-
Cash (used in) investing activities	**(2,247)**	(455)
Net decrease in cash and cash equivalents	**(80)**	(181)
Cash and cash equivalents - beginning of year	**3,525**	3,706
Cash and cash equivalents - end of year	**3,445**	3,525

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Notes to the Financial Statements - March 31, 2005
(tabular amounts in $000s)

1. Authority and purpose

B.C. Pavilion Corporation (PavCo) was incorporated by the Province of British Columbia on May 3, 1984 under the then *Company Act* of British Columbia. The mandate of PavCo is to generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.

PavCo owns and operates BC Place Stadium and Bridge Studios, and operates the Vancouver Convention & Exhibition Centre under a separate agreement.

PavCo is exempt from income taxes under the Income Tax Act as it is wholly owned by the Province of British Columbia.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Short term investments
Short term investments consist of units in the Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and market value. Income attributed to the units represents the unitholder's share of the interest earned by the Portfolio and may be realized upon the sale of the units.

Capital assets
Capital assets funded through contributions by the Province of British Columbia are recorded at cost less accumulated depreciation.

Capital assets funded by the Government of Canada are recorded at cost, net of the related contributions and less accumulated depreciation.

Capital assets contributed by other parties in exchange for services are recorded at the fair value less accumulated depreciation.

2. Summary of significant accounting policies (continued)

Assets are depreciated over their estimated useful lives to the Corporation:

Buildings and improvements	10 to 50 years: original buildings are depreciated on the sinking fund method, and improvements on the straight line method
Furniture	5 years, straight line
Computer equipment	3 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Motor vehicles	30% per annum, declining balance
Equipment and other capital assets	1 to 10 years, straight line

Government funding
Funding received from the Province of British Columbia is recognized as deferred government contributions when received and is then recorded as a recovery to the extent operating expenses exceed revenues.

Funding for depreciable capital assets is recorded as deferred government contributions and is recognized as a recovery in the statements of operations equal to the depreciation charged on the related capital assets.

Funding for acquisition of not-depreciable capital assets, such as land, is recorded as contributed surplus.

Revenue recognition
Revenue from events at BC Place Stadium and the Vancouver Convention & Exhibition Centre is recognized on the completion of events. Amounts received in advance of event completion are recorded as unearned revenue.

Revenue from rentals at Bridge Studios is recognized as the facility is utilized.

Contra-transactions
Unearned revenue resulting from contra transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

Accounting estimates
The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions based on information available. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from the amounts estimated.

2. Summary of significant accounting policies (continued)

Environmental expenses
Under the current legislation responsibility for site cleanup rests with the polluter. Environmental expenditures incurred as a result of the ongoing business activities of PavCo are expensed or capitalized as appropriate.

Financial instruments
PavCo has various financial instruments including cash, receivables and payables. The carrying values of these financial instruments approximates their fair value due to their short term nature.

Foreign currency transactions
Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

Impairment of long-lived assets
The Company reviews capital assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting standard CICA Handbook Section 3063 "Impairment or Disposal of Long-Lived Assets" An impairment loss is recognized when the carrying amount of an asset that is held and used exceeds the projected undiscounted future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value, which is measured by discounted cash flows when quoted market prices are not available.

Related parties
PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

Superannuation fund
The Corporation and its employees contribute to the Public Service Pension Plan. The Plan is a multi-employer, defined benefit plan. On behalf of the employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies. The most recent actuarial valuation (March 31, 2002) has determined the Plan is in a surplus position. The actuary does not attribute portions of the surplus to individual employers. B.C. Pavilion Corporation paid $372 thousand for employer contributions to the Plan in fiscal 2005. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship where the management, risks and benefits are shared between the employers and employees.

3. Cash and cash equivalents

PavCo considers deposits in banks and short-term investments with original maturities of three months or less as cash and short term investments.

	2005	2004
Cash	**2,287**	2,392
Short term	**1,158**	1,133
	3,445	3,525

4. Capital assets

	2005			2004
	Carrying Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Facilities				
BC Place Stadium (note 1)	100,018	49,933	**50,085**	125,105
Bridge Studios (note 2)	14,540	8,047	**6,493**	7,106
Vancouver Convention & Exhibition Centre	5,954	4,972	**982**	857
Corporate Office	80	80	**-**	-
	120,592	**63,032**	**57,560**	133,068

Note 1 – BC Place Stadium carrying cost includes land $29,818 thousand
Note 2 – Bridge Studios carrying cost includes land $1,313 thousand

Management performed an impairment test using the undiscounted future cash flows for the operations of BC Place, which indicated that the net book value exceeds the current and future projected cash flows from operations of the facility at March 31, 2005. The recoverable amount of the capital asset has been written down to its estimated fair value, resulting in an impairment charge of $75 million during fiscal 2005.

5. Long term debt

	2005	2004
British Columbia Transportation Financing Authority	**518**	700
Less: Current portion	**75**	150
	443	550

The long term debt is repayable over a ten year term to 2011. The minimum amount payable each year is $75 thousand.

6. Restructuring costs

In February 2002, the Province of British Columbia Core Review and Deregulation Task Force recommended that changes be made to the service delivery model of PavCo. At that time expenses to cover the costs of severance pay, lease obligations plus other costs were recorded. Subsequently the government reversed this decision.

	2005	2004
Balance beginning of the year	610	631
Addition during the year	-	181
Used during the year	(253)	(202)
Reversal of accrual not required	(357)	-
Balance end of year	-	610

7. Share capital

The Corporation has authorized capital of 10,000 common shares without par value of which one share is issued and outstanding. The Minister of Small Business and Economic Development holds the share issued as the designated representative of Her Majesty the Queen in right of the Province of British Columbia.

8. Deferred government contributions

	2005			2004
	Capital Assets	Operating	Total	Total
Balance, beginning of year	102,747	-	102,747	108,446
Contributions received from the Province of British Columbia	1,884	672	2,556	2,000
	104,631	672	105,303	110,446
Allocated to operations:				
To offset depreciation recorded on related capital assets	(2,444)	-	(2,444)	(3,869)
To offset unrecoverable net book value on disposition of Tradex facility	-	-	-	(2,007)
To record write down in value of BC Place Stadium	(75,000)	-	(75,000)	-
To fund current operating deficiency	-	(672)	(672)	(1,823)
	(77,444)	(672)	(78,116)	(7,699)
Balance, end of year	27,187	-	27,187	102,747

9. Revenue from operations by business segment	2005	2004
Vancouver Convention & Exhibition Centre	**16,912**	14,530
BC Place Stadium	**9,414**	8,244
Bridge Studios	**3,352**	3,789
Tradex (discontinued December 31, 2003)	**-**	670
Corporate Office	**82**	102
	29,760	27,335

10. Change in non-cash operating working capital	2005	2004
Receivables	**397**	(959)
Prepaids	**(118)**	226
Trade payables and accrued liabilities	**289**	1,139
Restructuring costs	**(610)**	(21)
	(42)	385

11. Commitments

The Corporation is committed under long term, non-cancellable operating leases requiring future minimum payments of $157 thousand to December 31, 2005.

12. Intangible rights

PavCo has had interests in two properties that have been sold or transferred to third parties. Under the terms of the transfer agreements, PavCo could have rights to further income or property at some future date if these or other adjacent properties are developed or sold.

The first relates to a parcel of land adjacent to BC Place Stadium that was transferred to a developer for future exchange for another piece of land of approximate size. If by 2008 the adjacent land is sub-divided or developed, then PavCo will receive the land exchange, otherwise, PavCo will receive cash compensation of approximately $150 thousand.

The second relates to a parcel of land in Surrey, British Columbia, that, if the land were to be sold or redeveloped before March 2016, then PavCo would receive three fifths of the sales proceeds of the land over $1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

13. Environmental costs

The Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that exist at Bridge Studios or may exist at other facilities. These hazards are being actively monitored and mitigated by the Corporation's management. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the Corporation.

14. Comparative figures

Certain comparative numbers have been restated to conform with the financial statement presentation used in the current year.

CORPORATE GOVERNANCE

The Provincial government appoints the Chairman and the Board of Directors of PavCo. Under the Company Act the President and CEO is also a Director.

The Board of Directors provides leadership and direction to the organization in a manner consistent with the policies and directives of the Provincial government through guidelines set by the Board Resourcing Office. These policies and directives are communicated to the Board through the Chairman. The performance results to be achieved by the Corporation and the guidelines placed on how these results are achieved are governed by Board policies and communicated to staff through the Chairman. In the case of a vacancy, the Board, in consultation with the Minister responsible, appoints the President and CEO.

The Board currently has two standing committees: Audit and Finance, and Governance. The Audit and Finance Committee overlooks financial reporting, internal controls, conflicts of interest and other related matters. The Governance Committee deals with staffing and compensation issues and the implementation of all changes to be made as a result of the Core Services Review. Both committees review and develop matters in their specific areas and make recommendations to the full Board.

The Board of Directors meets at least four times each year, and the committees meet as needed.

BOARD OF DIRECTORS:

Doris Bradstreet Daughney, *Chairman, President & CEO* **(A;G)**
Norm Assam **(A)**
John Horning **(A;G)**
Daniel Jarvis **(G)**
Miriam Kresivo **(G)**
David Mindell **(A)**

COMMITTEES
A Audit and Finance; **G** Governance

MANAGEMENT COMMITTEE :

Howard Crosley, General Manager, BC Place Stadium
John Harding, Chief Financial Officer, Chief Operating Officer, and Corporate Secretary
Barbara Maple, General Manager, Vancouver Convention & Exhibition Centre

Event Highlights during the Year Ended March 31, 2005

Vancouver Convention & Exhibition Centre

311 Events

American Society for Aesthetic Plastic Surgery
Pacific Dental Conference 2005
National Staff Development Council
Globe 2004
Gastech
American Academy of Cosmetic Dentistry
American Pain Society
World Conference on Earthquake Engineering
World Stroke Congress
Society for Computer Applications in Radiology

BC Place Stadium

61 Events

BC Lions Regular Season Football
Western Division Playoff
Pacific International Auto Show
BC Home and Garden Show
Vancouver International Boat Show
Vancouver Home & Interior Design Show
Vancouver Gift Show
THQ World Supercross GP
MonsterJam / Motorspectacular
Slam City Jam, North American Skateboarding Championships
North American Gay Volleyball Association Championships

Bridge Studios

21 Productions

Stargate / Atlantis
Dead Like Me
Five People Productions
Two for the Money
Mustard Pancakes
Television Commercials

WHERE TO FIND US

CORPORATE OFFICE
600 – 375 Water Street
Vancouver, B.C. Canada V6B 5C6
Tel: (604) 482-2200
Fax: (604) 681-9017
Email: info@bcpavco.com
Web: www.bcpavco.com

BC PLACE STADIUM
777 Pacific Boulevard
Vancouver, B.C. V6B 4Y8
Tel: (604) 669-2300
Fax: (604) 661-3412
Web: www.bcplacestadium.com

THE BRIDGE STUDIOS
2400 Boundary Road
Burnaby, B.C. V5M 3Z3
Tel: (604) 482-2000
Fax: (604) 482-2007
Web: www.bridgestudios.com

VANCOUVER CONVENTION & EXHIBITION CENTRE
200 – 999 Canada Place
Vancouver, B.C. V6C 3C1
Tel: (604) 689-8232
Fax: (604) 647-7232
Web: www.vanconex.com

APPENDIX 1

Comparison of new and old performance measures, and source of data.

GOAL	Measures per 2004/05 to 2006/07 Service Plan	Measures per 2005/06 to 2007/08 Service Plan	Reason for change in measures	Source of Data
Maximization of revenues and economic growth	Comparison of net Economic Benefits generated through operations	Comparison of net Economic Benefits generated through operations		Calculations made using the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute, using visitor and exhibitor numbers for those attending events at our facilities
		Compare Contribution (subsidy) on operations and capital (before depreciation) BCPS and VCEC	New measure added to show actual cost of subsidizing facilities	Generated from financial data used to compile audited statements
	Comparison of revenues	Comparison of revenues		Generated from financial data used to compile audited statements
	Measure visitor days at facilities	Compare year-over-year attendance at BCPS	Visitor days to VCEC events removed, as the facility mandate is to target non-resident delegates as prime revenue source. New measure implemented to track non-resident attendees.	Ticket count of visitors to spectator events and floor count of number of visitors to other events at BC Place Stadium
	Track bookings for major events post 2008 at Vancouver Convention & Exhibition Centre	Increase in non-resident delegate days at Vancouver Convention & Exhibition Centre	The current priority is to increase the number of non-resident delegates in the period up to 2008	Actual delegate days are the number of out-of-province delegates, as supplied by show managers and tracked through corporate event management system. Estimates for future years from data provided through the Corporate event business management system
Maintain and increase client services and satisfaction	Score on client satisfaction surveys at BCPS and VCEC	Score on client satisfaction surveys at BCPS and VCEC		Data from surveys sent post-events to clients
		Retention of existing business at BCPS	As most of the existing recurring events are profitable, it is important to track their retention, and maintain the business	The count of recurring major events for the year compared with the number of events in the previous year

APPENDIX 1

Comparison of new and old performance measures, and source of data.

GOAL	Measures per 2004/05 to 2006/07 Service Plan	Measures per 2005/06 to 2007/08 Service Plan	Reason for change in measures	Source of Data
Maintain and improve the facilities under our management		Margin per event (excluding football) at BCPS	In order to track profitable events and ensure that they are booked into the most suitable dates to ensure ongoing success	Margin per event and event type is tracked through the financial system
	Measure occupancy at facilities	Measure facility occupancy at Bridge Studios	Percentage occupancy at BC Place Stadium has been replaced by retention of existing clients. Focus at VCEC has changed to track non-resident delegates	Comparison of square footage occupied at Bridge Studios against total square footage available for the year
		Violations of environmental regulations at Bridge Studios	To track any change in contaminants on or off-site at Bridge Studios	Track any notices received citing violations of regulations
Innovation, learning and growth		Job specific training expenditures per staff member at VCEC	To increase employee engagement and learning opportunities	Detail of training sent to Corporate Human Resources
		Training hours per employee at Bridge Studios	To increase employee engagement and learning opportunities	Detail of training sent to Corporate Human Resources
		Employee retention at BCPS	To measure optimum retention of staff	Employee statistics as gathered through Corporate Human Resources